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GENERAL

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1. Sinkiang Governor's offers to USSR exceed recent instructions--US Consul General at Shanghai has learned that Governor Chang of Sinkiang Province, acting under blanket instructions given by Chiang Kai-shek when the former took office, already has offered the Soviets joint operation of Sinkiang's tin, petroleum and wolfram deposits, as well as concessions that "involve political sovereignty." The Governor apparently is protesting the Central Government's recent and more limited instructions to the effect that China was agreeable to joint operation (but under Chinese management) of tin and wolfram mines [redacted] He is also protesting as 'loss of face,' China's withdrawal of a Sinkiang trade proposal made to the Soviets last year. He is now coming to Nanking for new instructions. The Consul General adds that, according to present indications, Nanking will adhere to its more limited position on concessions to the USSR.

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2. Canadians urge detailed information on all armed forces--Canadian representatives to the UN have told Austin that they see no point in broadening the Soviet proposal for information on troops by including troops stationed in home countries, unless the breakdown and location of such troops are requested, adding that the location of troops within the UK and US could not affect world peace, but the location of those within the USSR might be significant. (The Chinese Government recently opposed such information as aiding the Chinese Communists; [redacted])

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# EUROPE

3. YUGOSLAVIA: No Opposition permitted in Croatia--According to US Consul Zagreb, Croat Premier Bakarich has informed Foreign Minister Subasich that the Communist regime will permit no opposition, as it would only cause bloodshed. "We shall maintain ourselves by force," Bakarich added. Subasich also expressed the belief that "war is now the only hope for Soviet-ruled Europe."

4. AUSTRIA: Conservative leadership of Socialist Party endorsed--Erhardt reports that the Socialist Party's conservative leadership and policy was

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supported by 90% of the delegates to the Socialist Party Convention, which was "slightly more" than the leaders themselves expected. Suggestions of Socialist-Communist collaboration received "polite but perfunctory applause."

USSR continues zonal food controls--General Clark reports that it has become increasingly evident that the Soviets do not intend to allow indigenous food products to move from their zone to the rest of Austria without compensating imports from the other zones. There is no indication that the Soviets intend to give the Austrian Government control over the distribution of food grown on land seized by the USSR under its "interpretation of the Potsdam agreement."

5. GREECE: MacVeagh urges full publicity on Greek incidents--Ambassador MacVeagh reports that foreign complicity in internal Greek disorder is increasingly indicated and that Greece's difficulty in maintaining order in the northern provinces may soon prove insuperable. He again recommends an investigation and full publicity, because growing anarchy may result in a Communist move to split Northern Greece from the rest of the country.
6. SPAIN: Wolfram deal with Poland rejected--US Charge Bonsal has been told by the Foreign Minister that Franco has rejected a proposal advanced by certain Swiss firms to export Spanish wolfram to Poland on the ground that it would build up the USSR's war potential.
7. ICELAND: New commercial negotiation with Soviets--According to US Legation Reykjavik, the Icelandic Government has informed the USSR that it is agreeable to negotiation of a "commercial contract" for 1947, and has requested that a Soviet delegation come to Reykjavik.

#### NEAR EAST-AFRICA

8. IRAN: State Department clarifies status of US loan--Acheson has informed Allen that the Iranian Government apparently is under a misapprehension regarding a \$30,000,000 loan for purchase of military supplies, because neither a loan nor an amount has been discussed in connection with Iran's purchase of military supplies from the US

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9. **CHINA:** Chou does not consider negotiations ended--US Ambassador Nanking reports that Chou En-lai told General Marshall that his departure for Yen-an should not be interpreted as breaking off negotiations but rather as a short visit for "instructions and reorientation." Stuart notes that Chou has twice told US correspondents that his return to Yen-an means termination of the negotiations.

10. **FRENCH INDOCHINA:** Soviet military mission--US Consul Reed in Saigon reports that the Soviet mission to Indochina [redacted]

[redacted] is requesting permission to travel throughout the country in search of Soviet prisoners of war and is in contact with local French, Chinese and Vietnam Communists.

French Communist election victory aids Vietnam Communists--  
Reed also reports that French efforts to curb Communist activities in Indochina are handicapped by the Communist "victory" in the recent French elections, which is regarded by Vietnam Communists as "support of the Vietnam State."

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